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THE WHEELABRATOR CORPORATION

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ANNUAL REPORT 1969

THE WHEELABRATOR CORPORATION
FINANCIAL HIGHLIGHTS

	1969	1968
Sales Increased 8%	$87,848,930	$81,434,494
Gross Profit Increased 5%	$21,551,021	$20,556,399
% to Sales	24.5%	25.2%
Net Income Increased 6%	$ 4,183,417	$ 3,957,314
% to Sales	4.7%	4.9%
% to Stockholders' Equity	10.0%	10.1%
Working Capital at Year End	$30,558,555	$27,834,212
Stockholders' Equity at Year End	$41,969,499	$39,412,294
Common Stockholders' Equity	$28,599,899	$25,996,004
Shares Outstanding at Year End	1,380,669	1,376,516
Book Value Per Share	$ 20.71	$ 18.89
Year End Market Value	$ 44.00	$ 36.75
Dividends Paid Per Share		
1st Preferred	$ 1.50	$ 1.50
2nd Preferred	.25	.25
Common	.70	.70
Average Common Shares Outstanding	1,377,843	1,368,718
Earnings Per Common Share, after Preferred Dividend Requirement	$ 2.55	$ 2.40
Earnings Per Common Share, Assuming Conversion of all Preferred Stocks	$ 1.68	$ 1.60
Stockholders	2,601	2,733
Employes	3,594	3,577

THE COMPANY

The principal business of Wheelabrator is the cleaning of dirty metals by six different methods, and the cleaning of dirty air by the four accepted basic principles. Other company activities include the production of major assemblies and components for aircraft on a subcontract basis and manufacture of lubrication systems and machinery accessories.

COVER

Wheelabrator equipment provides clean smoke stacks, and this is really what air pollution control is all about. Presented photographically, left to right, are furnaces in a steel mill being controlled by a fabric system; in an incinerator by an electrostatic precipitator; in a foundry by a fabric filter.

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Mr. Coleman, left, and Mr. Connaughton.

The Wheelabrator Corporation held firmly to its growth pattern in 1969. It was another year of improved sales and earnings, of product innovations and market expansion.

The forward motion was attributable primarily to the Wheelabrator Group, which includes all activities other than the aerospace operations. Sales of this group exceeded $62 million, double the volume of 1964, the first year of the present corporate structure.

Air pollution control systems, metals cleaning equipment, lubrication devices and machinery accessories were shipped in heavier volumes and accounted for 71 per cent of total sales. These are the activities to which the corporation's future is basically linked.

Concern for our environment is being expressed almost daily by Federal and state governments, by scientists and the news media and it is obvious that pressure of public opinion is broadening on all levels of society. In the past five years, industry has doubled its procurement of equipment to control sources of airborne contaminants and pending legislation, if reasonably related to economic and technological feasibility, can produce sharply higher expenditures for such equipment.

Wheelabrator is one of a select group of manufacturers which offers industry the benefit of almost 50 years of experience and research, the talents of career engineers and a special expertise in designing efficient and economical air pollution control systems.

Our metals cleaning machines are a fundamental requirement in an industrial economy which must be geared to high productivity to compensate for the costs of labor and materials. These machines incorporate inherent labor savings features and accomplish high speed, quality results unattainable by any other method.

FINANCIAL HIGHLIGHTS

Sales of the corporation were $87,848,930, an eight per cent increase over the preceding year and $31 million more than in 1964, our first corporate year. Shipments of air pollution control systems advanced 15 per cent; metals cleaning equipment, 14 per cent; lubrication and machinery products of the Balcrank Division, eight per cent.

Income before taxes was $8,207,417 compared with $7,895,314 in 1968. Net income increased six per cent to $4,183,417 from $3,957,314 and here again, the impact of the Wheelabrator Group was apparent. Net earnings of this group, which have increased 64 per cent in the past six years, accounted for 83 per cent of the 1969 net.

After payment of preferred dividends, income available to the common stock was $3,518,125, a seven per cent increase over the previous year's $3,289,429. On a common share basis, earnings were $2.55 compared with $2.40. Assuming conversion of the preferred stocks, earnings per share were equivalent to $1.68, compared with $1.60.

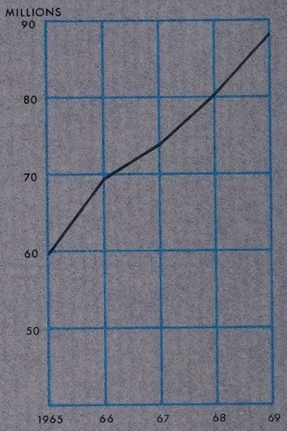
Cash dividends of 70 cents were paid on the common shares; $1.50 on the first preferred and 25 cents on the second preferred shares.

The rate of return of stockholders' equity has been in excess of 10 per cent for the last three years even though our equity accounts have been growing at more than six and one-half per cent per year. Interest in 1969 was at the highest rate ever paid.

Since 1965, capital expenditures have been made in anticipation of continued growth and as a result, current plant capacity appears to be adequate to sustain increased volume for the foreseeable future. We are, therefore, in the position to continue the upgrading and modernization of manufacturing equipment. A study is also underway to determine the possible requirement for increasing the output of steel abrasives.

Wheelabrator products are manufactured and sold throughout the world and our international operations recorded another strong year. Affiliations on an ownership basis have been established with 18 companies outside of the United States and Canada and the sales of these joint ventures grew to over $22 million.

Income from these operations, solely in the form of royalties and dividends, has increased 400 per cent since the first acquisition of an equity interest in 1962.



NET SALES

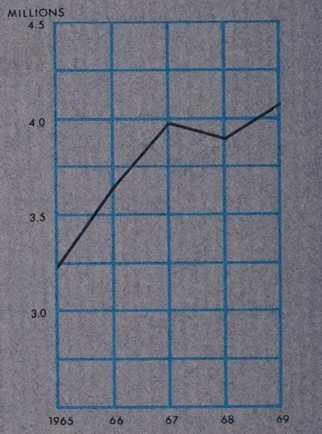
AIR POLLUTION CONTROL

In this area, Wheelabrator achieved virtually all its 1969 objectives. Sales and new orders increased; internal technical and service staffs were augmented; the sales engineering and construction field forces were strengthened; further penetration was made into the electrostatic precipitator market and a new type of fabric filtration system was successfully developed, patented and introduced.

The industrial air pollution equipment industry continued to make important advances in 1969 but may not have maintained the annualized growth rate of 20 per cent of the 1964-68 period. Final authoritative figures were not available at this date. Negative influences stemmed from the repeal of the investment credit tax, industry's uncertainty about pending legislation and tight credit.

However, capital expenditures announced by a number of industries include larger sums for pollution control and one major steel company has doubled its allocations for such control in the next five years.

Furthermore, the new Federal tax bill signed in December provides a five-year amortization of pollution equipment costs. This appears to have been designed to fill some of the void left by the tax credit repeal as well as to provide particular incentives for the control of older plants. Only facilities in operation at December 31, 1968 qualify for the writeoff, intimating Congress was aware it is more expensive to install controls on established plants than it is to incorporate such controls on new construction.



NET INCOME AFTER TAXES

The biggest single order in Wheelabrator's air pollution sales history was received in November from the Republic Steel Corporation for an electrostatic precipitator for the company's South Chicago Works. Republic projected an overall cost of $5 million for the installation with Wheelabrator's turnkey contract valued in excess of $3 million. It was the second large precipitator order within a year from that steel producer.

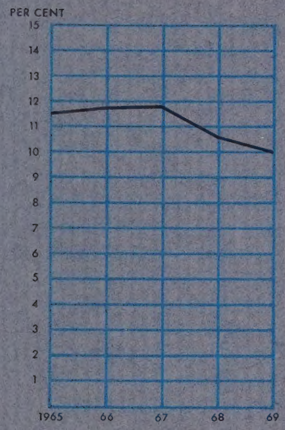
A new concept in fabric filtration was developed by the Research Department to broaden our product line and offer new market opportunities. Called the Wheelabrator Ultra-Jet, it is being marketed in smaller, standard models and initially will have limited applications compared to the company's larger, custom tailored designs.

METALS CLEANING

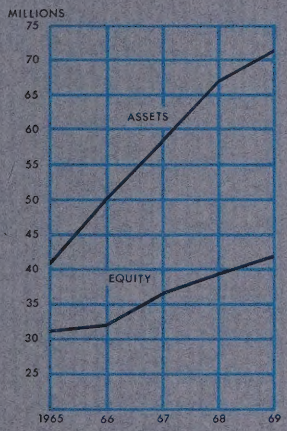
Wheelabrator's metals cleaning products maintained a characteristic growth, actually running well ahead of the 10 per cent annual growth rate we expect. Business was excellent in the first four months, leveled off somewhat in mid-year and then recovered sharply.

The year ended with good prospects, particularly with a large number of potential orders in the $100,000-plus class, all proposals to support metals processing departments or facilities which have already been committed to a large degree.

Continued expansion of this line is anticipated since it is a basic ingredient in metalworking from the initial casting stage until the part or assembly is incorporated into the end product. These machines treat metals in many ways—cleaning, descaling, deburring, peening, polishing or otherwise providing surfaces required for successive production stages or for final finishing.



RETURN ON EQUITY



TOTAL ASSETS AND EQUITY

In addition to the growing population of basic machinery, the company also produces a high volume of steel abrasives for airless blasting and peening, media and compounds for vibratory finishing and supply parts.

Wheelabrator has many markets but in 1969 the steel industry—basic producers and the processors and fabricators—was one of the bigger customers, along with automotive and foundries.

Acquisition from the 3M Company of a series of vibratory finishing media and compounds placed the company in the production of these products for the first time and added another line with a good growth factor to the important supply business.

OTHER OPERATIONS

In our aerospace business, Pan American's first flight of the Boeing 747 highlighted the Twin Industries Division's contributions to this superjet transport since 1967. Twin produces bonded window panel sections and fuselage frame assemblies and passenger and cargo compartment floor panels.

Twin's other major contracts are for the Lockheed-Georgia C-5 military transport and the Grumman Gulfstream II executive jet aircraft. While its backlog is off from the earlier record levels, Twin is an active bidder on a number of contracts for 1970.

The Balcrank Division recorded a good year, including its highest contribution to profits. It maintained its pre-eminent position in machine tool accessories and sales of its lubricating pumps and systems were up, particularly a proprietary device which makes deep oil hole drilling faster and more effective.

Sales of new and replacement fabric tubes for air pollution control were increased by the W. W. Criswell Division from its plants in Riverton, N. J. and Riverside, Calif., and shipments of these products also increased from the two Canadian plants. Furthermore, our Canadian subsidiary experienced a rising demand for pollution control equipment.

SUMMARY

It is recognized we are facing a particularly exacting period in the nation's economy and that it will take a total effort by all our people to insure an orderly expansion in an era of rising costs and intensified competition. We are not alone in this, of course, since industry as a whole has the same problem.

Yet, we are confident we are on firmer ground than ever with products, markets and manpower skills and we know we are equipped with the experience and talents and tools to assist dramatically in the solution of the nation's air pollution problems.

We can offer customers the assistance of a single department or an entire company for cleaner metals or cleaner air. Our research, much of which is applied research, is dedicated to product improvement for the economic benefits of our markets. Recognition of this by industry is such that Wheelabrator is one of those rare organizations from which a customer will buy a prototype off the research floor.

Gratefully acknowledged are the contributions of our employes in 1969, the expressions of confidence by our customers and the support of our shareholders.

FOR THE BOARD OF DIRECTORS

W. H. Coleman James F. Connaughton

William H. Coleman
Chairman

James F. Connaughton
President

February 25, 1970

THE WHEELABRATOR CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 1969 AND 1968

ASSETS

	1969	1968
CURRENT ASSETS:		
Cash	$ 2,608,325	$ 3,866,017
Notes and accounts receivable, less reserves—		
Trade	14,592,986	12,174,991
From sales under contracts	6,812,541	7,658,636
Other	844,238	987,096
Inventories, at the lower of cost or market—		
Raw materials and supplies (first in, first out)	2,979,282	2,549,087
Work in process and finished goods (first in, first out)	10,031,085	7,663,885
Contracts in progress	10,283,833	9,089,215
Prepaid expenses	448,631	306,136
Total current assets	$48,600,921	$44,295,063
OTHER ASSETS:		
Noncurrent receivables	$ 1,856,141	$ 2,781,054
Goodwill, at cost less amortization	660,539	664,047
Other	295,488	289,098
	$ 2,812,168	$ 3,734,199
PLANT AND EQUIPMENT, at cost:		
Land	$ 482,804	$ 450,304
Buildings and improvements	10,018,729	9,801,750
Machinery and equipment	15,116,900	13,936,623
	$25,618,433	$24,188,677
Less—Reserves for depreciation (Note 4)	11,019,435	9,804,826
	$14,598,998	$14,383,851
Leasehold improvements, net	512,749	505,109
	$15,111,747	$14,888,960
INVESTMENTS IN AFFILIATED COMPANIES, at cost (Note 1)	$ 4,846,862	$ 4,363,202
	$71,371,698	$67,281,424

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

LIABILITIES

CURRENT LIABILITIES:	1969	1968
Notes payable	$ 5,276,379	$ 4,651,801
Accounts payable	6,290,389	5,305,772
Accrued wages, benefits, taxes, etc.	5,658,404	4,978,696
Dividends payable	511,224	510,657
Reserve for Federal and Canadian taxes on income	305,970	1,013,925
Total current liabilities	$18,042,366	$16,460,851
LONG-TERM DEBT:		
8¾% notes, due July 1, 1973	$10,000,000	$10,000,000
Other, average interest 6½%, payable through 1976	809,833	1,008,279
	$10,809,833	$11,008,279
DEFERRED FEDERAL INCOME TAX (Note 4)	$ 550,000	$ 400,000
STOCKHOLDERS' EQUITY (Notes 2 and 3):		
$1.50 cumulative convertible preferred stock, par value $35 per share, redeemable at $36.50 per share; authorized 85,715 shares; outstanding 1969, 16,800 shares; 1968, 18,134 shares	$ 588,000	$ 634,690
5% convertible second preferred stock, par value $5 per share, 2,556,320 shares authorized and outstanding	12,781,600	12,781,600
Third preferred stock, par value $50 per share, 1,000,000 shares authorized	—	—
Common stock, par value $1 per share; authorized 3,000,000 shares; issued 1969, 1,384,969 shares; 1968, 1,380,816 shares	1,384,969	1,380,816
Additional capital	9,440,786	9,393,734
Retained earnings	17,811,360	15,258,670
	$42,006,715	$39,449,510
Less—4,300 shares of common treasury stock, at cost	(37,216)	(37,216)
	$41,969,499	$39,412,294
	$71,371,698	$67,281,424

THE WHEELABRATOR CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 1969 AND 1968

	1969	1968
NET SALES	$87,848,930	$81,434,494
COST OF GOODS SOLD	66,297,909	60,878,095
Gross profit on sales	$21,551,021	$20,556,399
SELLING EXPENSES	$ 8,450,332	$ 7,740,869
GENERAL AND ADMINISTRATIVE EXPENSES	4,776,237	5,092,828
	$13,226,569	$12,833,697
Operating income	$ 8,324,452	$ 7,722,702
OTHER INCOME OR (EXPENSE)—		
Royalties and other income, net	$ 1,060,357	$ 869,726
Interest income	135,980	202,370
Interest expense	(1,313,372)	(899,484)
	$ (117,035)	$ 172,612
Income before taxes	$ 8,207,417	$ 7,895,314
PROVISION FOR FEDERAL AND CANADIAN INCOME TAXES	4,024,000	3,938,000
NET INCOME FOR THE YEAR	$ 4,183,417	$ 3,957,314
NET INCOME PER SHARE:		
Based on average common shares outstanding during the year (1,377,843 shares in 1969, and 1,368,718 shares in 1968)	$ 2.55	$ 2.40
Assuming conversion of all preferred shares	1.68	1.60

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF ADDITIONAL CAPITAL AND RETAINED EARNINGS

FOR THE YEARS ENDED DECEMBER 31, 1969 AND 1968

ADDITIONAL CAPITAL	1969	1968
BALANCE AT BEGINNING OF YEAR	$ 9,393,734	$ 9,227,244
ADD:		
Excess of par value of $1.50 preferred stock (par value $35) over par value of common stock (par value $1) issued upon conversion; 1,334 shares of preferred converted into 3,363 shares of common in 1969 and 2,359 shares of preferred converted into 6,001 shares of common in 1968	43,327	76,564
Excess of option price over par value of common stock issued under stock option plan; 790 shares in 1969 and 5,100 shares in 1968 (Note 2)	3,725	89,926
BALANCE AT END OF YEAR	$ 9,440,786	$ 9,393,734

RETAINED EARNINGS	1969	1968
BALANCE AT BEGINNING OF YEAR	$15,258,670	$12,930,333
ADD (DEDUCT):		
Net income for the year	4,183,417	3,957,314
Cash dividends declared—		
$1.50 preferred stock, $1.50 per share	(26,212)	(28,804)
5% second preferred stock, $.25 per share	(639,080)	(639,080)
Common stock, $.70 per share	(965,435)	(961,093)
BALANCE AT END OF YEAR (Note 3)	$17,811,360	$15,258,670

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

THE WHEELABRATOR CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1969

(1) PRINCIPLES OF CONSOLIDATION:

The accounts of all domestic and Canadian subsidiaries of the company are consolidated in the accompanying financial statements.

Twelve foreign companies are included as investments, at cost, in the accompanying financial statements. Results of operations attributable thereto are not reflected in these statements; however, dividends and royalties received from these investments are included in income.

Company	Country	Stock Ownership	Investment at Cost
Tilghman Wheelabrator, Ltd.	England	33%	$2,178,975
Graber & Wening AG (1)	Switzerland	40	1,355,555
Wheelabrator-Allevard	France	51	572,101
Sintobrator, Ltd.	Japan	40	388,402
Other foreign investments		—	351,829
			$4,846,862

(1) During 1969, the company's 40% owned German affiliate (Ullrich & Roser, GmbH) became a wholly owned subsidiary of Graber & Wening AG.

(2) The company's equity in the underlying book value of the above companies was approximately $3,400,000 at December 31, 1969.

(2) STOCK OPTIONS:

Under the stock option incentive plan adopted in 1964, 100,000 shares of common stock were reserved for options to officers and other key personnel; in 1968, the plan was amended and an additional 15,000 shares were reserved for options. Options for 12,500 shares were granted during the year at a price of $35.00 per share. Options for 790 shares were exercised during the year at an aggregate price of $4,515. At December 31, 1969, options for 20,000 shares at prices from $25.50 per share to $35.00 per share were outstanding, of which options for 7,500 shares were exercisable. At December 31, 1969, 3,810 shares were available for future grants under the plan.

(3) PREFERRED STOCK:

The Composite Certificate of Incorporation provides one vote for each share of preferred and common stock outstanding, and for restrictions on the amount of dividends on common stock (other than in common stock) if specified amounts of retained earnings or net current assets are not maintained, or preferred stock dividends are in arrears. Under such provisions, $15,311,360 of consolidated retained earnings at December 31, 1969, is not restricted as to dividend payments.

At December 31, 1969, 42,420 shares of common stock were reserved for conversion of the $1.50 preferred stock and 1,065,133 shares of common stock were reserved for conversion of the 5% second preferred stock.

The Composite Certificate of Incorporation provides that in 1970 the company will establish a sinking fund for partial redemption of the 5% convertible second preferred stock. The required 1970 sinking fund provision of $255,630 will redeem 51,126 shares of the 5% convertible second preferred stock unless otherwise directed by the Board of Directors, and the common shares reserved for conversion will be decreased by 21,302 shares. During 1969, the company offered to redeem 51,126 shares of the 5% convertible second preferred stock; however, this offer was declined by the holder of the 5% convertible second preferred stock.

In 1968, the stockholders approved an amendment to the Certificate of Incorporation authorizing 1,000,000 shares of Third Preferred Stock with a par value of $50 per share. The Board of Directors is authorized to establish, among other things, the amount and time of payments of dividends, whether dividends are cumulative or noncumulative, and the convertibility and ratio of conversion to the other classes of stock of the company.

(4) DEPRECIATION:

Depreciation is provided on gross book value of properties by three different methods—straight line, declining balance and sum of the years-digits—based upon the estimated useful lives of the individual units or properties. The range of annual rates is as follows:

Buildings	3½%—10%
Machinery and equipment	5%—20%
Office furniture and equipment	6⅔%—20%
Automobiles, trucks and equipment	20%—30%

Rates used by certain divisions to compute depreciation result in a higher provision for tax depreciation than book depreciation; deferred taxes have been provided on the difference.

The provision for depreciation and amortization was $1,615,652 in 1969 and $1,486,344 in 1968.

(5) CONTINGENCIES:

Certain sales of the company are subject to renegotiation. In the opinion of management, no significant liability should result from renegotiation.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1969

SOURCES OF FUNDS:	
Net income for the year	$4,183,417
Provision for depreciation and amortization	1,615,652
Provision for deferred Federal income tax	150,000
Total provided from operations	$5,949,069
Decrease in noncurrent receivables	924,913
Sales of common stock under option plan	4,515
	$6,878,497
APPLICATION OF FUNDS:	
Additions to plant and equipment, net	$1,762,663
Cash dividends declared	1,630,727
Additional investments in affiliated companies	483,660
Other changes, net	78,658
Decrease in long-term debt	198,446
	$4,154,154
INCREASE IN WORKING CAPITAL	$2,724,343

The accompanying Notes to Consolidated Financial Statements
are an integral part of this statement.

AUDITORS' REPORT

ARTHUR ANDERSEN & CO.
Chicago, Illinois

To the Stockholders and
the Board of Directors of
The Wheelabrator Corporation:

We have examined the consolidated balance sheet of THE WHEELABRATOR CORPORATION (a Delaware corporation and a majority owned subsidiary of Bell Intercontinental Corporation) AND SUBSIDIARIES as of December 31, 1969, and the related statements of income, additional capital, retained earnings and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have previously examined and reported on the financial statements for the preceding year.

In our opinion, the accompanying financial statements present fairly the financial position of The Wheelabrator Corporation and Subsidiaries as of December 31, 1969, and the results of their operations and the source and application of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chicago, Illinois,
February 11, 1970.

ARTHUR ANDERSEN & CO.

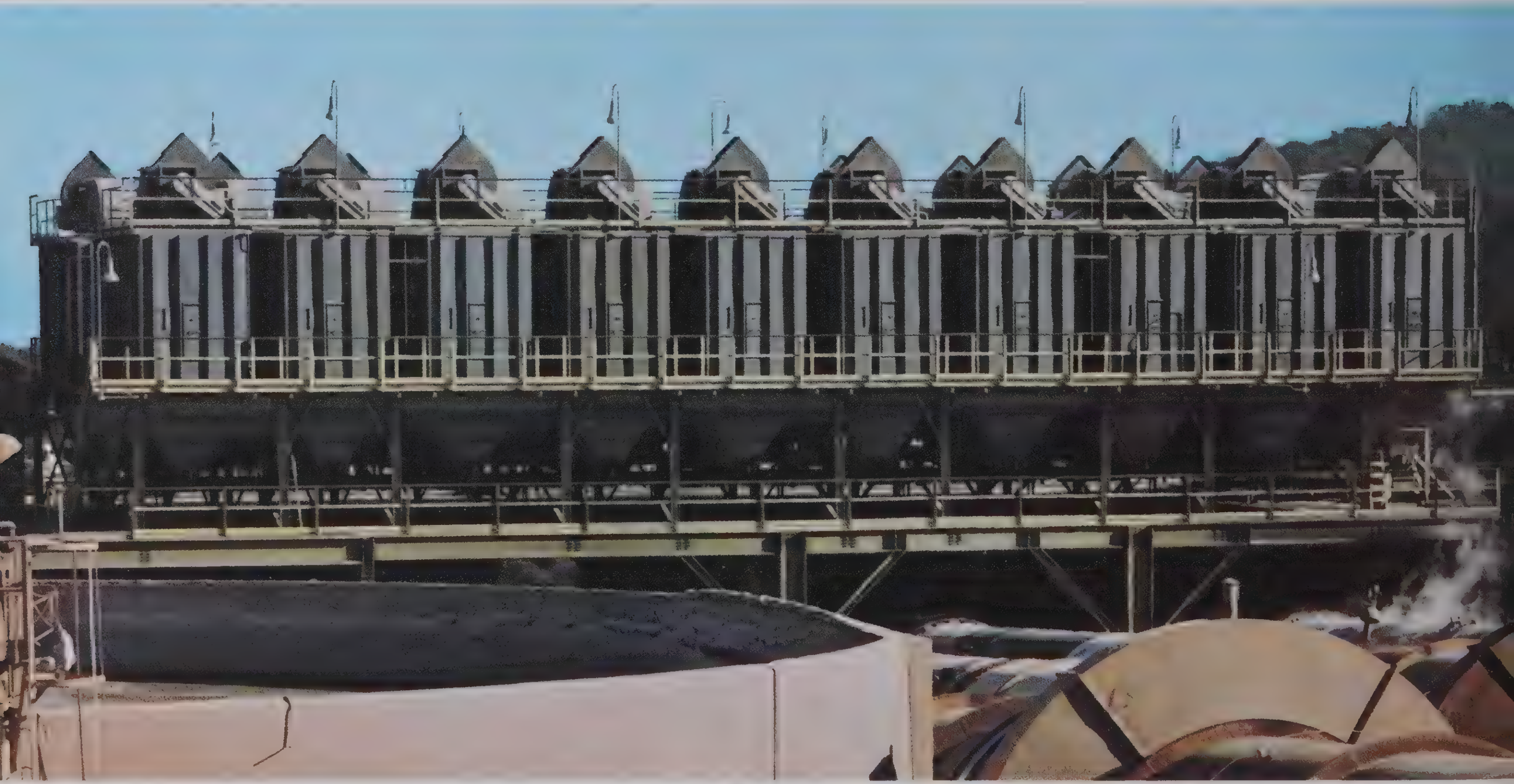
AIR POLLUTION CONTROL

Technology is currently available to prevent or control air pollution from virtually all stationary sources. Wheelabrator has historically contributed to this technology, particularly in the application of fabrics to particulate control, an area where our know-how has been accumulating for 40 years.

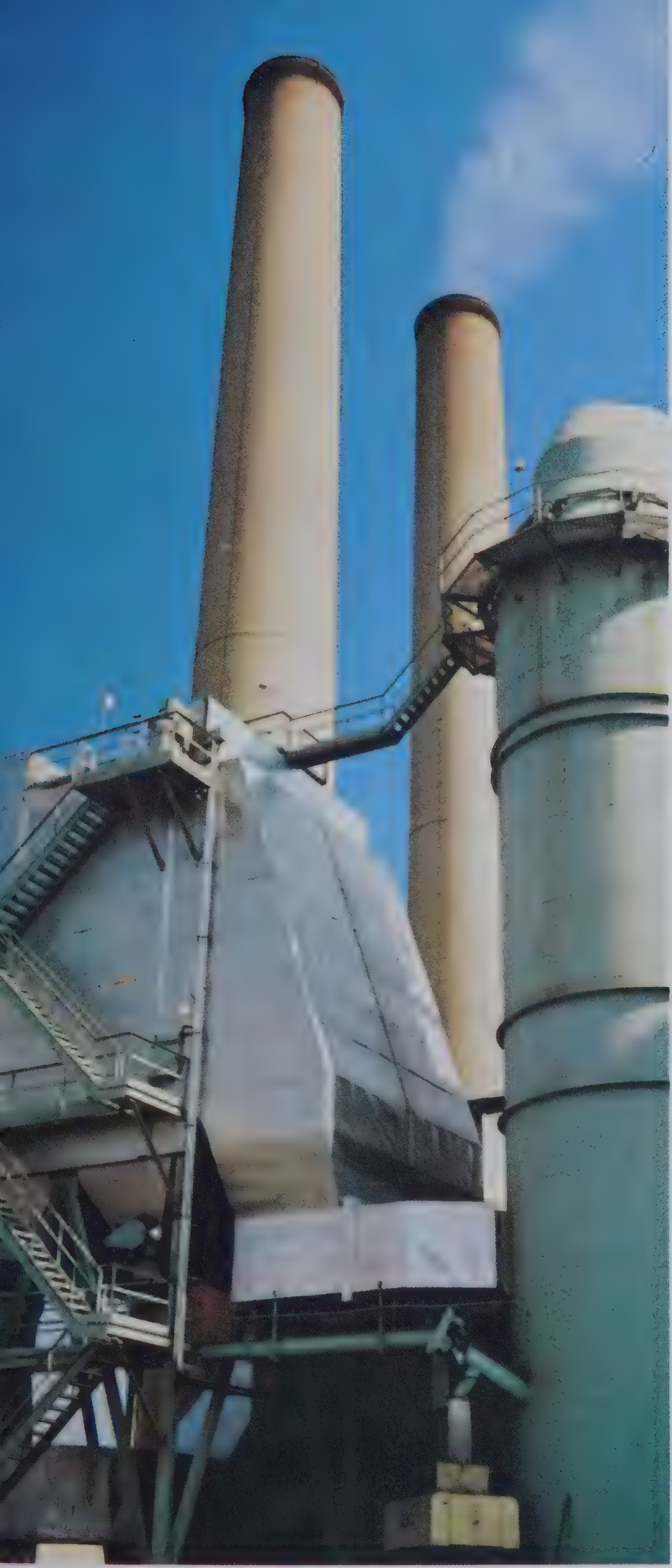
In 1969, a new type of fabric collector, which the company calls Ultra-Jet, was marketed. Other Wheelabrator systems collect dust and dirt on the inner surfaces of the cloth tubes, and clean the tubes largely by shaking the bags or employing reverse air flow. However, the Ultra-Jet differs since the particulate matter is collected on the outside of the tubes and these are cleaned by metered jets of high-pressure air.

Wheelabrator also installed its first large scaled modular-type fabric collector to clean 300,000 cubic feet of air per minute. This type of construction eliminates considerable job-site building, cuts down field erection and saves time and money for the customer.

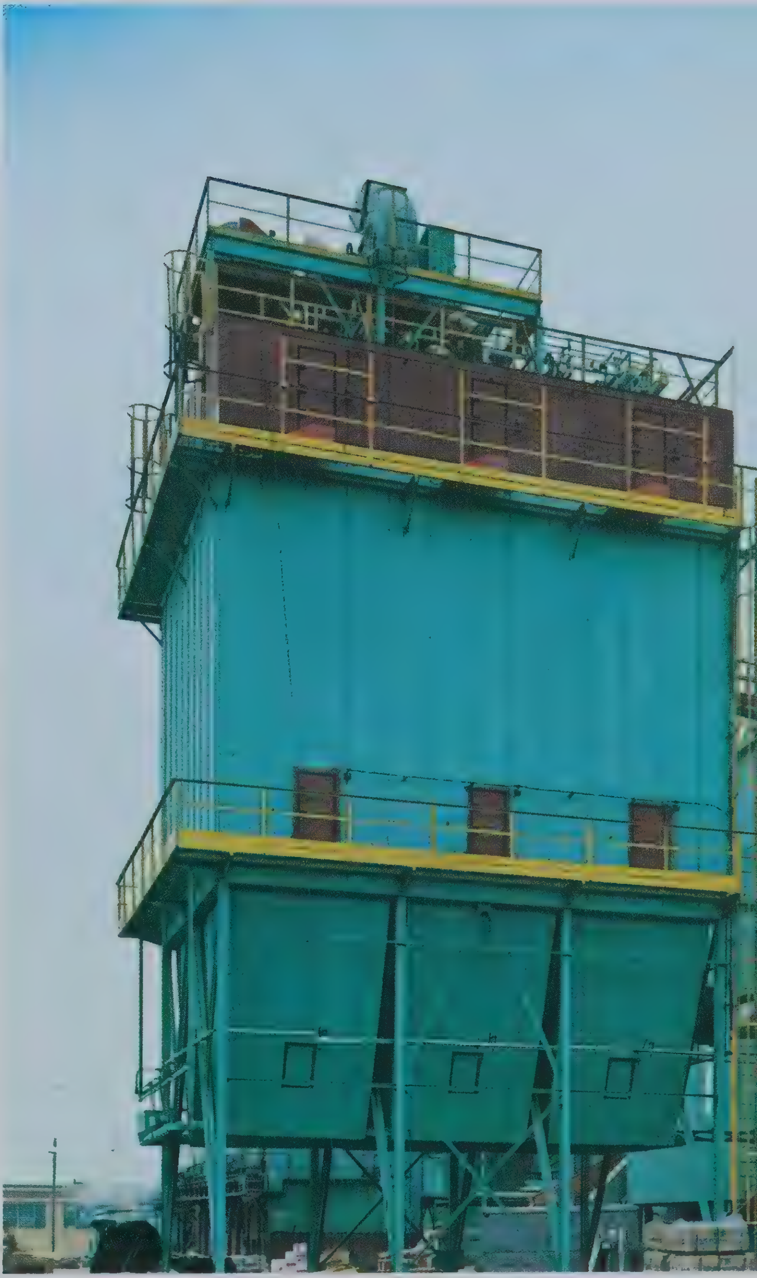
Since the company installed its first electrostatic precipitator in 1967, the use of this type of control system by industry has grown to the point where it now accounts for more than 25 per cent of Wheelabrator's air pollution control business. Continued expansion of this product is expected.



CEMENT—A modular type fabric filter system, first of its kind by Wheelabrator, in operation at the Permanente, Calif. plant of Kaiser Cement & Gypsum Corporation. This air pollution control system consists of 20 separate modular units, each a self-contained cloth filter. Each was fully assembled before shipment to the cement plant, thereby minimizing field operation and reducing the overall cost. Equipped with fiberglass tubes, the units clean hot gases from the plant's clinker discharge and cooling operation.



INCINERATION—Result of efficient air pollution control is dramatized by these two smoke stacks at New York City's Southwest Brooklyn incinerator. A Wheelabrator Lurgi electrostatic precipitator, in foreground, is collecting furnace dust and fume before it reaches the front stack. Chimney in back has no control. This was the first precipitator used on a municipal incinerator in the U.S.



FIBER GLASS FURNACE—Owens-Corning Fiberglas Corporation uses this Wheelabrator fabric filter system to collect extremely fine and hygroscopic particulate matter from a fiber glass producing furnace at its Kansas City, Kans. plant. The hot air streams from the furnace are reduced to 550°F. by a spray tower on the roof of the plant.

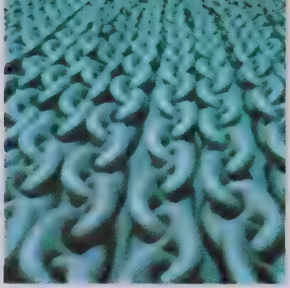
AIR LIFT FOR CLEAN AIR—To expedite the installation of a series of air pollution control modules, Wheelabrator employed a helicopter to lift the fabric filters to the roof of the Firestone Steel Products Division in Wyandotte, Mich. More than a dozen of these 4000 lb. units are planned to collect dust from in-plant sources.

GRAY IRON FOUNDRY—This is the collection unit of an air pollution control system installed by Wheelabrator at an automotive gray iron foundry in Michigan. The fabric filter system incorporates a new dual draft device on the furnaces inside the foundry which optimizes the control of gases both during the melting and finishing operations.

ELECTRIC FURNACES—As part of new steel-making facilities at its Steelton, Pa. plant, Bethlehem Steel Corporation installed this Wheelabrator fabric filter system. The system collects the effluents from two modern 150-ton capacity high-power electric furnaces which replace open hearth steel making. A third furnace will be tied into the system in 1970.

BASIC OXYGEN FURNACES—An electrostatic precipitator under construction at the new basic oxygen furnace shop in Republic Steel Corporation's Buffalo district. This is a turnkey contract for two double chamber precipitators to control emissions from Republic's new 100-ton BOF vessels, which are replacing six open hearth furnaces. The system will clean 490,000 cubic feet of gas per minute.

SINTERING PLANT—Twin electrostatic precipitators flank a sintering plant of a major steel corporation. The two Wheelabrator precipitators which will clean hot gases from sinter bed wind boxes will be in operation early in 1970. This was Wheelabrator's first precipitator sale to the steel industry.



METALS CLEANING

The cleaning, deburring, conditioning and peening of metals has emerged as a major area of cost concern to industry. This is the premise upon which Wheelabrator was founded and it is the message the company has promulgated for half a century.

Complicating this basic problem is the current shortage of unskilled manpower and the undesirability of cleaning metals manually. As a result, there is unprecedented interest in eliminating or automating this phase of production and manufacturing.

Wheelabrator has a commanding position in this field due to its experience and technology and the ability of its industry specialists to apply the company's six different methods of cleaning to any metal-related problem.

The traditional emphasis on new developments through applications engineering has kept the company attuned to industry's requirements. The most recent advance is a device which automatically moves the abrasive throwing wheel horizontally and vertically to insure total coverage of the work surfaces at less cost.

Such developments, as well as creative sales engineering in the field, enable the solution of the most complex of cleaning problems, including weldments as big as a house; castings of sizes and shapes which previously required hundreds of man hours; precision machined parts; jet age components which become practical only through shotpeening.

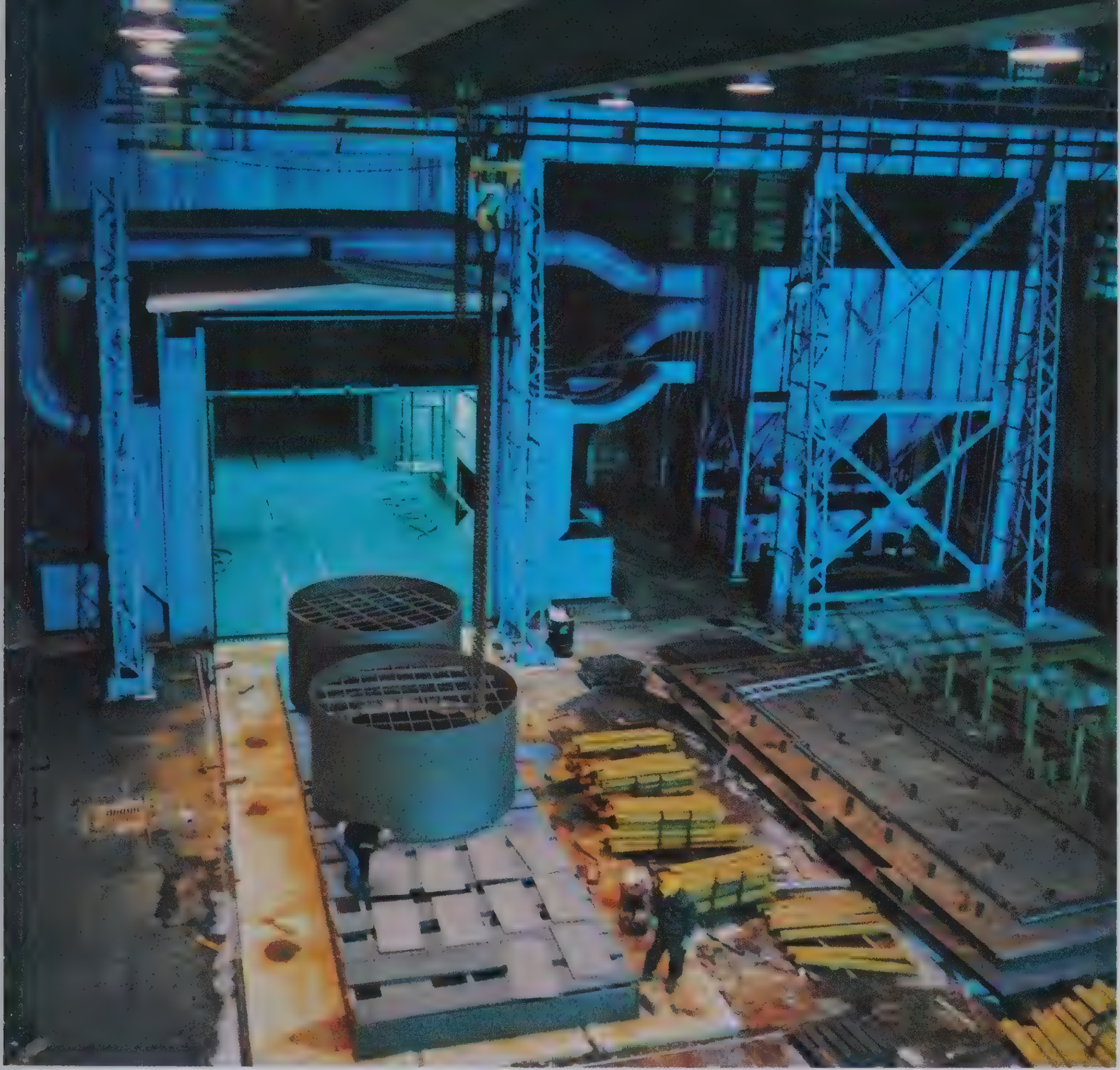
The fields of industry Wheelabrator encounters daily include automotive, aerospace, shipbuilding, plastics, rubber, steel, forging, heat treating, reconditioning of metals and parts, and the foundries which cast every type of metal including uranium.

While the company is a major factor in controlling air pollution, it also makes an interesting contribution to water pollution control. The total development of the patented NAD (non-acid descaling) process is still receiving attention for high speed steel lines prior to cold rolling.

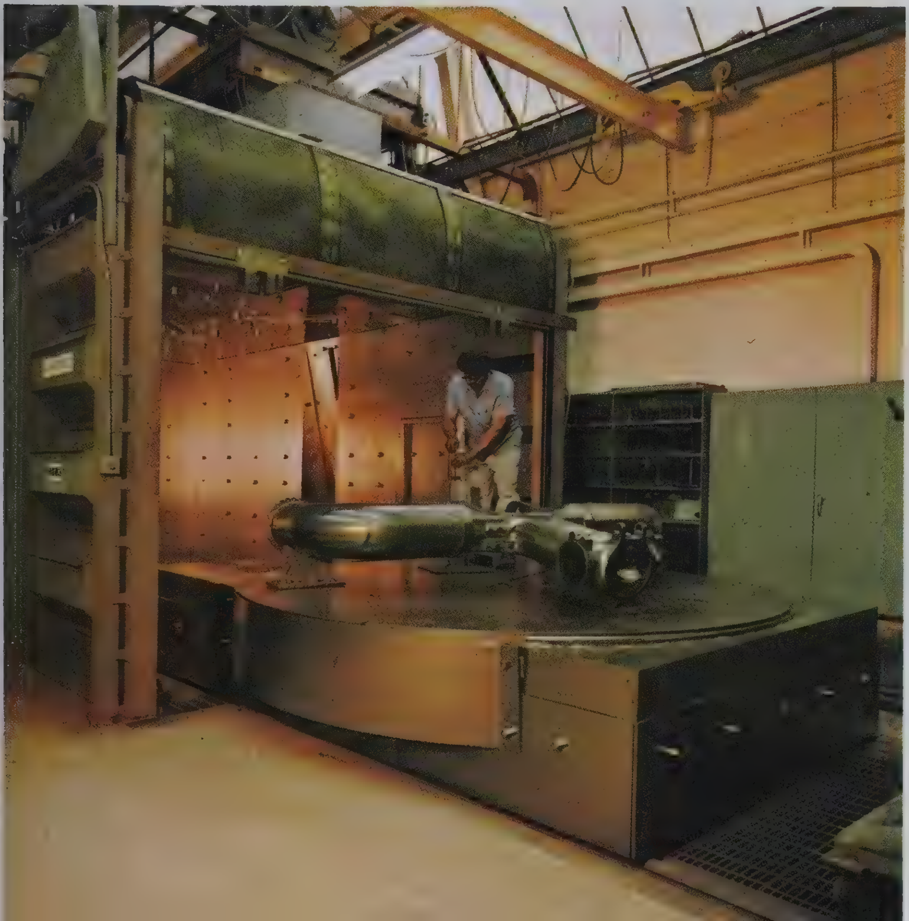
In the meantime, however, other Wheelabrator blast machines are in demand by metal processors to alleviate water pollution problems accruing through the use of acid pickling for cleaning. These applications involve steel which requires cleaning prior to further processing.

STEEL FABRICATOR—A horizontal structural machine, above, with six wheels throwing steel abrasives at the surfaces of metals, is employed by The Standard Structural Steel Co., of Newington, Conn. The Wheelabrator device cleans plate and structural steel members.

FOUNDRY—A three-wheel Spinner Hanger, below, cleans a variety of intricate and precision gray iron castings at the Jahn Foundry Corp., Springfield, Mass. The castings are rotated on the hangers in the cleaning area of the machine so that steel abrasives strike all surfaces of the metal.



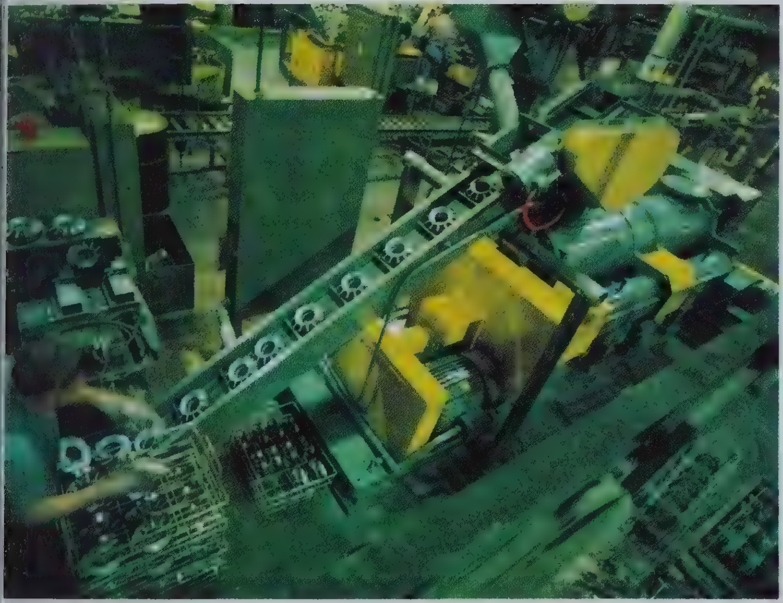
ELECTRICAL EQUIPMENT—This giant car-type Wheelabrator cleaning room is operating at the Heat Transfer Division of the Westinghouse Electrical Corporation near Philadelphia. The room serves a double purpose—the cleaning and painting of condensers and heat transfer weldments for power generating stations. Featured are Wheelabrator automatic positioning devices which move the six abrasive throwing wheels up and down and allow for a horizontal 90 degrees of blasting arc, thus assuring totally clean surfaces. Weldments make a round trip through two blasting cycles and are then painted in the same cabinet, which is 110 feet long, 53 feet high and 35 feet wide. Note the air pollution control cabinet at the right which collects the dust from the blasting operations.

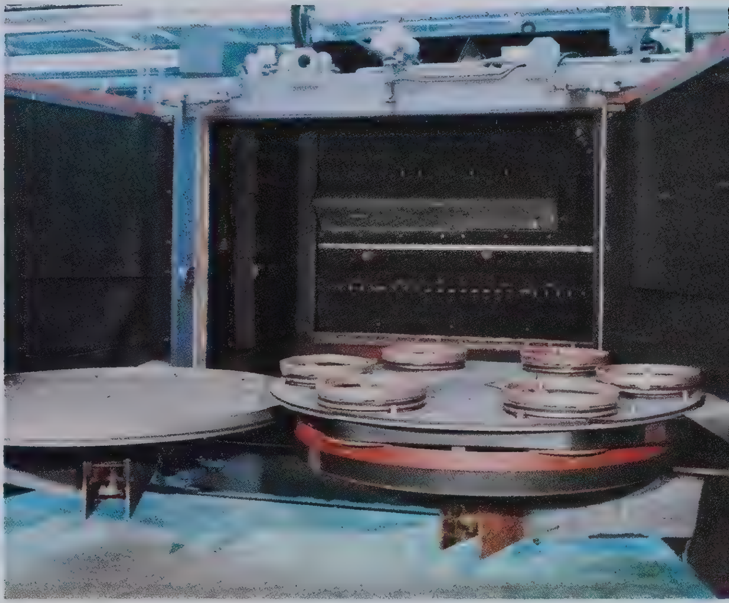


AEROSPACE—A variety of aircraft parts and assemblies are shotpeened by a Wheelabrator car-type cabinet at the Menasco Manufacturing Co., Burbank, Calif. On the table here is a bogie beam for the Lockheed C-5 aircraft. Shotpeening dramatically extends the fatigue life of metals which are subject to stress.

TRUCK MANUFACTURER—The many types of gears incorporated in truck transmissions and other types of on-off-highway vehicles are shotpeened at the Transmission Plant of Clark Equipment Co., Jackson, Mich. This Wheelabrator Multi-Table peens spur, helical and bevel gears and the operation here is concentrating the stream of abrasives only on the gear teeth for increased fatigue strength.

RECONDITIONING—Fully automated handling system moves used 55 and 58 gallon steel drums in and out of the Wheelabrator blast cleaning cabinet at Bayonne Barrel and Drum Co., Newark, N.J. The drums are being completely reconditioned for further applications. The reconditioning industry employs many Wheelabrator cleaning machines.



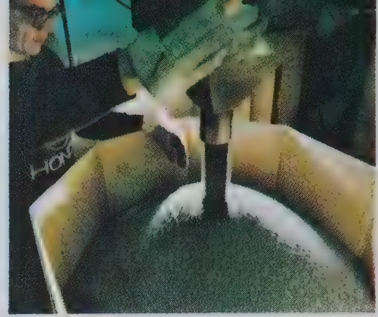


AUTOMOTIVE—A dual shaft vibrator, the most rugged of Wheelabrator's line of precision finishing machines, is shown deburring transmission stators at the Livonia, Mich. plant of Ford Motor Company. The vibration of the parts and the media and compounds in a 100-inch container, provides the finish.

ATOMIC ENERGY—The world's first application of airless blast cleaning of uranium castings is being provided by this Wheelabrator Swing Table at the Atomic Energy Commission facility at Oak Ridge, Tenn., operated by the Union Carbide Co.

STEEL PRODUCER—The abrasive blast from eight wheels spinning at 2250 revolutions per minute cleans various sizes of plate at the Homestead Works of United States Steel. This machine, at left, can accommodate plate up to 25 tons with a maximum thickness of eight inches.

SHIPYARD—The world's largest Tumblast, a Wheelabrator 100 cubic foot airless blast machine (in background), cleans the rust and scale from ship anchor chain at the Norfolk Naval Shipyard, Portsmouth, Va. At right is a Wheelabrator fabric filter which controls the dust from the cleaning operation.



Xerox has an unusual application for Wheelabrator steel abrasive in its new 3600 Copiers, below. The abrasive, of precise size, is mixed with the developer and carries it to the reproduction area where the even flow of the mixture provides higher quality copies. After cascading on the selenium drum, the abrasive is recaptured and recycled.

SUPPLIES

Production of supply items for the company's products as well as the equipment of other manufacturers is an important part of Wheelabrator's business. Above, steel abrasives being packaged for shipment. Below, wheels and other parts for new and replacement use. Top right, fabric filter tubes for air pollution control systems.

BALCRANK

The Balcrank Division is the world's largest source for manual accessories, top left, for machinery and an important supplier of stationary or mobile lubrication equipment, lower left. One of its better known products, the patented Jet Pulser Pump, above, feeds lubricants under a pulsating pressure which facilitates faster and better deep hole drilling.

Aerospace operations are centered in the Twin Industries Corporation Division where a variety of quality aircraft assemblies are produced competitively. Twin also is a specialist in the bonding of metal to metal and metal to plastic.

TWIN INDUSTRIES

A section of the wing leading edge of Lockheed's C-5 transport will undergo high temperature bonding in this autoclave.

Final assembly of a horizontal stabilizer for the tail section of the Grumman Gulfstream II executive jet.

These window frames are part of the fuselage panels of Boeing's 747 superjet transport.

Frame segments for the 747 after chem milling. These sections ultimately will be formed into circular frames for fuselages.

INTERNATIONAL

Air pollution is also of widening concern internationally and may be more difficult to resolve because it transcends the national boundaries of countries.

At the biennial conference of international affiliates of The Wheelabrator Corporation in Mishawaka in September, a substantial amount of engineering, manufacturing and marketing information was exchanged on an overall product basis. Executives from overseas agreed that most foreign countries are reacting vigorously to the threat of pollution.

Europe has led the world in attacking the problem of solid waste disposal through incineration, for which our associate, Lurgi, has supplied much of the air pollution control systems. However, in other areas, governments are imposing stricter codes and deadlines for compliance.

The Council of Europe is sponsoring European Conservation Year involving more than 20 countries with anti-pollution projects. The United Nations' General Assembly has approved a world parley on pollution in 1972, bringing together scientists and government policy makers.

While Wheelabrator's overseas associates have held a strong position in the metals cleaning market for years, new opportunities are appearing for expansion of the pollution control business.

Ten of the company's international ventures now possess manufacturing and engineering skills in air pollution control in such countries as England, South Africa, Australia, Germany, France, Japan, India, Mexico, Argentina and Brazil. These operations are supported with technical personnel and data from the U.S. wherever necessary.

In addition, Wheelabrator-Allevard in France and Tilghman Wheelabrator in England manufacture the same type and quality of cloth tubes for fabric control systems as the parent company produces in the U.S. and Canada.

In an effort to strengthen and coordinate the activities of affiliates in Europe and take advantage of a promising market, plans have been finalized to place all air pollution control operations on the Continent under a single command, a newly-formed company to specialize solely in this field.

In addition to the business of our international associates, export shipments from Mishawaka increased over 1968 and proposal activity in the export market continued strong.

Representatives from the company's international affiliates and Wheelabrator personnel meeting during the seventh biennial engineering, manufacturing and marketing conference in Mishawaka in September. Forty-five persons from overseas were in attendance.

THE WHEELABRATOR CORPORATION

Directors

*William H. Coleman, *Chairman of the Board*

*James F. Connaughton, *President and Chief Executive Officer*

Oliver C. Carmichael, Jr., *Chairman of the Board,*
Associates Corporation of North America, South Bend, Ind.

*Charles W. Enyart, *Chairman of the Board,*
C. L. Gougler Machine Co., Kent, O.

John M. Galvin, *Vice Chairman of the Board,*
Marine Midland Trust Company of Western New York, Buffalo, N.Y.

Bernhard K. Greuter, *Vice President,* George Fischer Limited, Schaffhausen, Switzerland

Denis W. G. L. Haviland, C. B.,
Staveley Industries Ltd., London, England

Walter M. Jeffords, Jr., *President,* Northern Utilities, Inc., Portland, Me.

*John J. Lee, *Retired Senior Vice President*, Buffalo, N.Y.

Max Muller, *President,* Basic Incorporated, Cleveland, O.

*Albert E. Rising, Jr., *Consulting Metallurgist; Chairman of the Executive Committee,*
New York, N.Y.

*Executive Committee

Officers

William H. Coleman, *Chairman of the Board*

James F. Connaughton, *President and Chief Executive Officer*

Jacob A. Schmidt, Jr., *Vice President, Finance and Treasurer*

Kenneth E. Blessing, *Vice President and Vice President-General Manager,*
Wheelabrator Division

William Butler, 3rd, *Vice President, Commercial Relations*

Edward W. Chapin, *Secretary*

Stanley R. Twitchell, *Corporate Controller*

Corporate Data

Offices
400 South Byrkit Avenue, Mishawaka, Ind. 46544

Stock Listing
American Stock Exchange

Stock Exchange Symbol
WHL

Annual Meeting Date
May 14, 1970

Transfer Agent
The Chase Manhattan Bank, N.A., New York, N.Y. 10015

Registrar
Marine Midland Grace Trust Company of New York, New York, N.Y. 10015

DOMESTIC OPERATIONS

MANUFACTURING FACILITIES

WHEELABRATOR DIVISION, Mishawaka, Ind.
Airless blast cleaning equipment, vibratory precision finishing machines, steel abrasives and abrasive compounds
JAMES F. CONNAUGHTON, President
KENNETH E. BLESSING, Vice President and General Manager
JAMES E. DONLAN, Vice President and Controller
JAMES L. HESBURGH, Vice President—International Operations
LAWRENCE W. KOHLMEYER, Vice President—Sales
D. ROGER NEELD, Vice President—Engineering, Metals Cleaning
LEN B. NELSON, Vice President—Air Pollution Control Division
ROBERT L. ORTH, Vice President—Patents
F. JOHN PICHARD, Vice President—Marketing
PAUL H. SETZLER, Vice President—Engineering and Research
EDWARD T. SULLIVAN, Treasurer

AIR POLLUTION CONTROL DIVISION, Mishawaka, Ind.
Industrial air pollution control systems
LEN B. NELSON, Vice President

W. W. CRISWELL CO. DIVISION, Riverton, N.J. and Riverside, Calif.
Fabric products for filtering solids from gas or liquid streams
CHARLES H. SLIKER, Vice President and General Manager

DELTA SONICS, INC., Hawthorne, Calif.
Utrasonic cleaning, testing and welding equipment
CARL J. GOLDBAUM, President

TWIN INDUSTRIES CORPORATION DIVISION, Buffalo, N.Y.
Assemblies and sub-assemblies for military and commercial aircraft, ground handling and ground support equipment for aircraft and missiles
J. DOUGLAS FAST, Vice President and General Manager
ROBERT F. GEIGER, Vice President—Engineering and Program Management
PHILIP B. HORAN, Vice President—Controller
WAYLAND D. MORRISON, Vice President—Operations
CHARLES F. MURRAY, Vice President—Marketing

BALCRANK DIVISION, Mishawaka, Ind.
Stationary and mobile lubrication equipment, service station hardware, industrial pumps, machinery accessories
ELMER A. RICH, III, Vice President
F. A. JOHNSON, Vice President—Sales, Lubrication Equipment

METAL CLEANING FACILITIES

ABRASIVE FINISHING COMPANY, Gardena, Calif., Mishawaka, Ind., Newark, N.J.
Shotpeening, abrasive cleaning and finishing

SALES OFFICES

Atlanta, Ga.
Birmingham, Ala.
Buffalo, N.Y.
Charlotte, N.C.
Chicago, Ill.
Cincinnati, Ohio
Cleveland, Ohio
Columbus, Ohio
Dallas, Tex.
Davenport, Iowa
Detroit, Mich.
Houston, Tex.
Jackson, Miss.
Louisville, Ky.
Los Angeles, Calif.
Milwaukee, Wis.
Mishawaka, Ind.
New York, N.Y.
Philadelphia, Pa.
Portland, Ore.
San Francisco, Calif.
Sarasota, Fla.
Springfield, Mass.
St. Louis, Mo.
Syracuse, N.Y.
Union, N.J.

INTERNATIONAL OPERATIONS

MANUFACTURING FACILITIES

- WHEELABRATOR CORPORATION OF CANADA LIMITED, Oakville, Ont., Canada
  - Robert A. Campbell, President and General Manager
- BARRDAY LIMITED, Galt, Ont., Canada
  - David M. Hysinger, Vice President and General Manager
- EDWARD LIPSETT DIVISION, Vancouver, B.C., Canada
  - Harry C. Inman, President
- TILGHMAN WHEELABRATOR LIMITED, Broadheath, Altrincham, Cheshire, England
  - Dr. Adolf Frankel, Chairman
  - Ronald C. Harrower, Managing Director
- TILGHMAN WHEELABRATOR KENT (PTY.) LTD., Kempton Park, South Africa
  - Jack F. Atwell, Managing Director
- TILGHMAN WHEELABRATOR AUSTRALIA (PTY.), Port Melbourne, Australia
  - Robert R. Clark, Chairman
  - Rodney W. Miljoen, Manager
- WHEELABRATOR TILGHMAN ENTSTAUBUNGS, G.m.b.H., Cologne, Germany
  - Heinz Balland, Managing Director
- SOCIÉTÉ WHEELABRATOR-ALLEVARD, Allevard (Isere), France
  - Georges Bietrix, Chairman of the Board and President
    - DEUTSCHE WHEELABRATOR STRAHLMITTEL, G.m.b.H., Cologne, Germany
    - WHEELABRATOR ALLEVARD ESPANOLA, Barcelona, Spain
- GRABER & WENING AG, Neftenbach, Switzerland
  - Dr. Bernhard K. Greuter, Chairman
  - Werner Lory, Managing Director
    - ULLRICH AND ROSER, G.m.b.H., Stuttgart-Bad Cannstatt, Germany
- SINTOBRATOR, LTD., Nagoya, Japan
  - Hideichi Kondo, President
  - Yuzuru Nagai, Vice President
- INDABRATOR LIMITED, Bombay, India
  - J. V. Patel, Chairman and Managing Director
- WHEELABRATOR DE MEXICO, S.A., Estado de Mexico
  - John F. Cordell, Vice President and General Manager
- WHEELABRATOR ARGENTINA, S.A.I.C., Buenos Aires, Argentina
  - Pedro Herrendorf, Vice President and General Manager
  - Jorge Herrendorf, Vice President and Administrative Manager

METAL CLEANING FACILITIES

WHEELABRATOR DE COLUMBIA, S.A., Bogota, Colombia
WHEELABRATOR METAL CLEANING COMPANY OF THE PHILIPPINES, INC., Quezon City, Philippines
WHEELABRATOR YIT THAILAND, LIMITED, Bangkok, Thailand
WHEELABRATOR METAL CLEANING COMPANY (P.T.E.) SINGAPORE LIMITED, Singapore
WHEELABRATOR METALLREINIGUNGS GESELLSCHAFT DEUTSCHLAND m.b.H., Solingen, Germany
WHEELABRATOR DE MEXICO, S.A., Mexico City, Monterrey and Guadalajara

LITHO IN U.S.A., MOSSBERG & COMPANY, INC., SOUTH BEND, IND.